



South Dakota Department of Revenue

FINDING NO. 2014-005

- **FINDING:** Internal controls were not adequate to 1) ensure that information being accepted from banks is sufficient to verify the amount remitted is accurate, and 2) ensure bank taxes were accurately recorded and distributed on the State's accounting system and reported properly in the State's financial statements.
- **RECOMMENDATION:** Controls should be implemented to ensure that bank taxes are accurately recorded and distributed on the State's accounting system.
- **CORRECTIVE ACTION:**
 - Conversion to CEDAR tax system
 - Automation of return calculations/electronic filing
 - Bank franchise tax specialist

FINDING NO. 2014-006

- **FINDING:** Internal controls were not adequate to 1) ensure proper distribution of cigarette excise tax to tribal entities and 2) ensure proper reporting of the State's liability.
- **RECOMMENDATION:** Controls should be implemented to ensure cigarette distribution reports are submitted timely and reviewed to ensure reversions to tribal entities are accurate.
- **CORRECTIVE ACTION:**
 - Redesign of tobacco distributor/wholesaler application to better identify licensees that sell cigarettes on agreement areas
 - Tracking/documentation of licensees that fail to submit the required reports

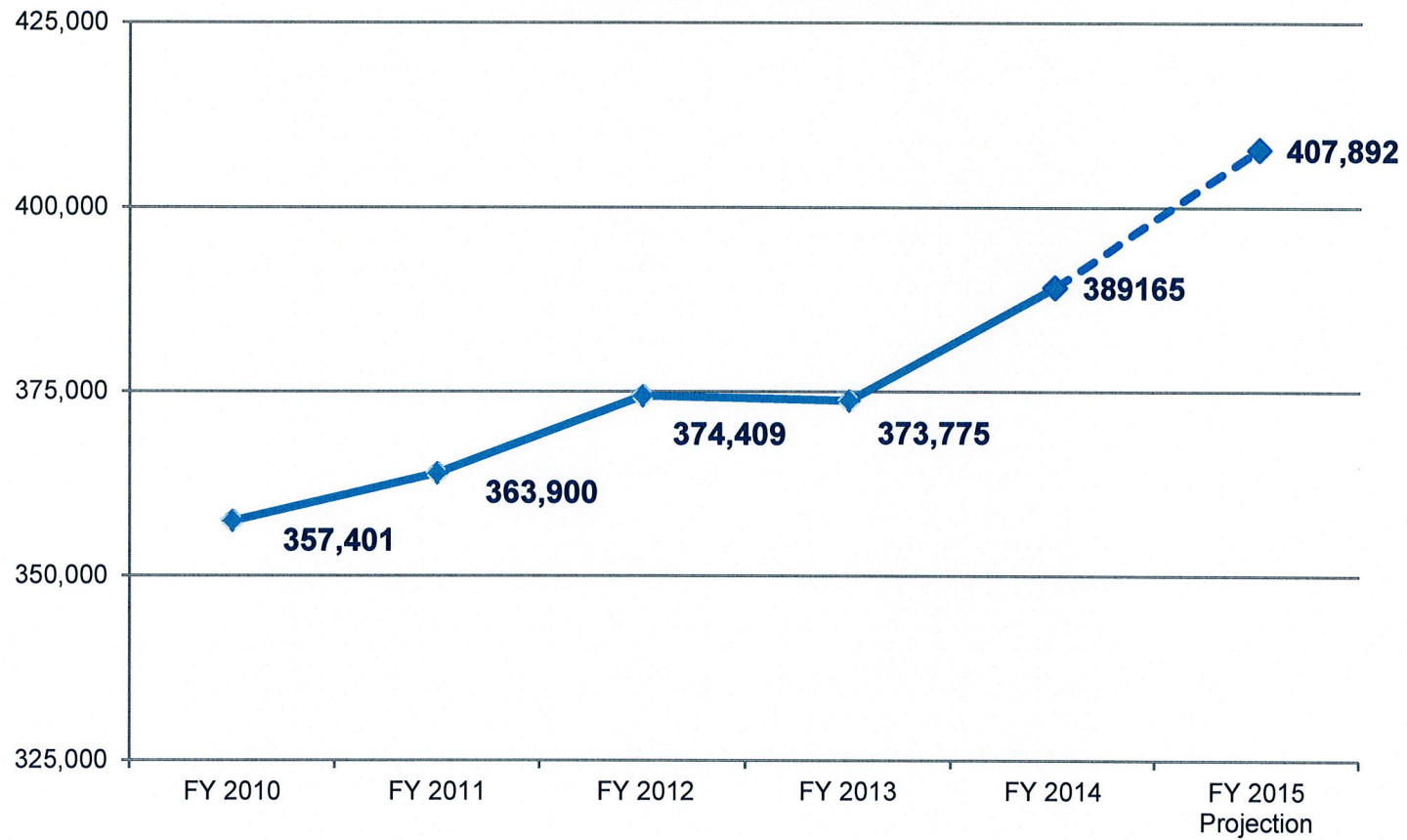
FINDING NO. 2014-007

- **FINDING:** Internal controls over the physical inventory of cigarette stamps were not adequate.
- **RECOMMENDATION:** Controls should be implemented to ensure lost or returned inventory is adequately documented, inventory duties should be segregated, and procedures should be developed for conducting regularly scheduled physical inventory counts of cigarette tax stamps.
- **CORRECTIVE ACTION:**
 - Develop a written policy to address the rare occurrence of cigarette tax stamps lost during shipment
 - Revise policy for physical inventory of cigarette tax stamps from quarterly to monthly counts, to be conducted by two employees of DOR

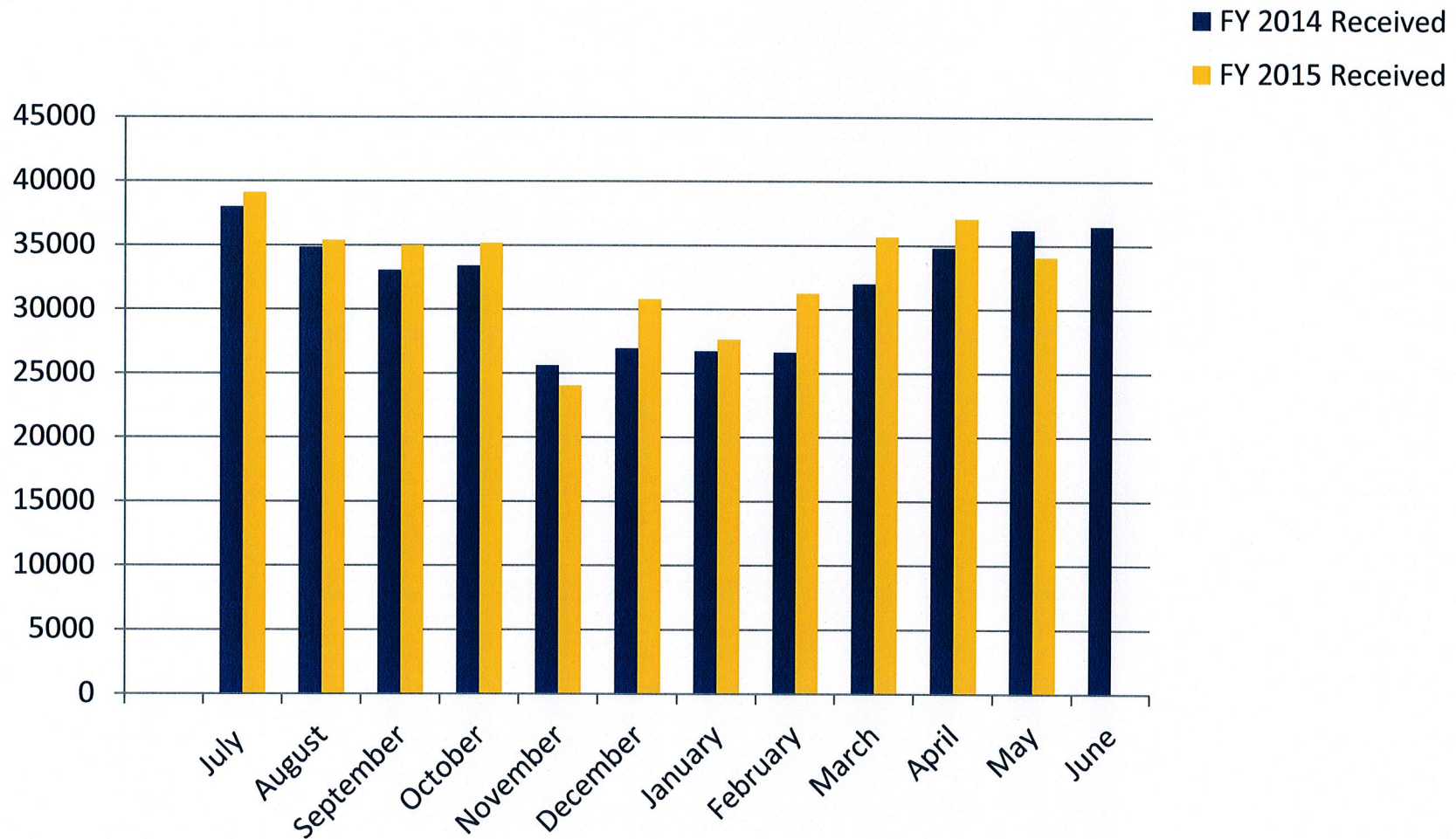
STEPS OF TITLE PROCESSING

- The vehicle title process is initiated at the County Treasurer's Office and then forwarded to the DMV for authentication, processing and title issuance.
- DMV staff verify five (5) key elements when evaluating a motor vehicle title application:
 - Proper chain of ownership
 - Proper title assignment
 - Odometer disclosure
 - Damage disclosure (*repealed effective 7/1/2015*)
 - Lien notation

5 + YEAR TITLE HISTORY UPWARD TREND



RECENT HISTORY TITLES RECEIVED 2014 VS 2015



CHALLENGES/SOLUTIONS

CHALLENGES:

- Increased title volume
- Staff Turnover
 - Retirement of long term employees
 - Non-competitive wages

SOLUTIONS:

- DOR worked with BHR for more competitive wages
- Able to hire more qualified applicants
- Implemented work process efficiencies
- Cross training of Division staff



TITLE PROCESSING CURRENT STATUS

- Goal:
 - The Division of Motor Vehicles has set a standard goal to uphold and maintain a 2 week turnaround time for title issuance in order to provide a high level of customer service.
- Current Status
 - 9 day turn around time
- Processing Titles Received on:
 - June 16